

AMENDED IN SENATE MAY 28, 2015

AMENDED IN SENATE MAY 19, 2015

AMENDED IN SENATE MAY 12, 2015

## **SENATE BILL**

**No. 710**

---

**Introduced by Senator Galgiani**  
**(Coauthors: Senators Cannella and Huff)**  
(Coauthors: Assembly Members Chávez, Gomez, and Jones)

February 27, 2015

---

An act to amend, repeal, and add Section 6588 of, and to add Sections 6507.5 and 6507.7 to, the Government Code, relating to joint exercise of powers, and declaring the urgency thereof, to take effect immediately.

### LEGISLATIVE COUNSEL'S DIGEST

SB 710, as amended, Galgiani. Joint exercise of powers.

The Joint Exercise of Powers Act authorizes the legislative or other governing bodies of 2 or more public agencies to jointly exercise by agreement any power common to the contracting parties, as specified, and authorizes a joint powers authority to exercise various powers, including, among others, the power to issue bonds, including bonds bearing interest, to pay the cost of any public capital improvement, working capital, or liability or other insurance program, as specified.

This bill would, until January 1, 2022, authorize a joint powers authority to issue or cause to be issued bonds and enter into a loan agreement for the financing or refinancing of a project that is situated in another state, including working capital related to that project, if the project and its financing meets certain conditions. This bill would require the Legislative Analyst, on or before January 1, 2021, to prepare and submit to the Legislature a report on the issuance of those bonds and

the financing of those projects. This bill would require, no later than July 1, 2020, authorities that issue those bonds to provide information concerning the bonds, the projects financed, the public benefits accruing to this state and such other information requested by the Legislative Analyst's Office for the purpose of preparing the report.

This bill would require a joint powers authority to comply with the California Public Records Act, the Ralph M. Brown Act, and the Bagley-Keene Open Meeting Act and would provide that these provisions are declaratory of existing law. The bill would additionally prohibit a joint powers authority from utilizing any funds, ~~from any source,~~ *derived from bonds issued pursuant to the provisions of this bill* for political purposes.

The Personal Income Tax Law ~~imposes~~ *and the Corporation Tax Law impose* a tax on an individual *and corporate* taxpayer's taxable income for the taxable year, but excludes certain items of income from the computation of tax. That law, in conformity with federal income tax laws, exempts from *personal tax and the franchise tax imposed on corporations* interest on bonds issued by this state or a local government in this state. The Joint Exercise of Powers Act also provides that all bonds issued by a joint powers authority and the interest thereon or income therefrom are exempt from all taxation in this state, except as otherwise provided.

This bill would provide that the interest on an issue of bonds as authorized by this bill would not be exempt from ~~tax,~~ *under those laws.*

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 6507.5 is added to the Government Code,
- 2 to read:
- 3 6507.5. An authority created pursuant to this chapter shall
- 4 comply with the California Public Records Act (Chapter 3.5
- 5 (commencing with Section 6250)), the Ralph M. Brown Act
- 6 (Chapter 9 (commencing with Section 54950) of Part 1 of Division
- 7 2 of Title 5), and the Bagley-Keene Open Meeting Act (Article 9
- 8 (commencing with Section 11120) of Chapter 1 of Part 1 of
- 9 Division 3 of Title 2). This section is declaratory of existing law.

1 SEC. 2. Section 6507.7 is added to the Government Code, to  
2 read:

3 6507.7. (a) An authority created pursuant to this chapter shall  
4 not utilize any funds, ~~from any source derived from bonds issued~~  
5 *pursuant to subparagraph (B) of paragraph (2) of subdivision (c)*  
6 *of Section 6588, as that subparagraph read on the effective date*  
7 *of the act adding this section*, for political purposes, including, but  
8 not limited to, lobbying.

9 SEC. 3. Section 6588 of the Government Code is amended to  
10 read:

11 6588. In addition to other powers specified in an agreement  
12 pursuant to Article 1 (commencing with Section 6500) and Article  
13 2 (commencing with Section 6540), the authority may do any or  
14 all of the following:

15 (a) Adopt bylaws for the regulation of its affairs and the conduct  
16 of its business.

17 (b) Sue and be sued in its own name.

18 (c) (1) Issue bonds, including, at the option of the authority,  
19 bonds bearing interest, to pay the cost of any public capital  
20 improvement, working capital, or liability or other insurance  
21 program.

22 (2) (A) In addition to paragraph (1), for any purpose for which  
23 an authority may execute and deliver or cause to be executed and  
24 delivered certificates of participation in a lease or installment sale  
25 agreement with any public or private entity, the authority, at its  
26 option, may issue or cause to be issued bonds, rather than  
27 certificates of participation, and enter into a loan agreement with  
28 the public or private entity.

29 (B) (i) Notwithstanding Sections 6586 and 6586.5 or any other  
30 law, an authority may issue or cause to be issued bonds and enter  
31 into a loan agreement, pursuant to subparagraph (A), for the  
32 financing or refinancing of a project that is situated in another  
33 state, including working capital related to that project, if all of the  
34 following apply:

35 (I) The project is owned, developed, or operated by a private  
36 entity.

37 (II) The issuance of bonds by the authority and the financing  
38 of the project is approved by resolution, order, or other official  
39 action of the city, county, or other public body with land use  
40 planning authority over the project, or of the state in which the

1 project is situated. This clause does not apply to the issuance of  
2 refunding bonds if a prior financing or refinancing of the project  
3 was approved by the city, county, public body, or state.

4 (III) The authority has at least 25 local agency members and  
5 the authority has issued bonds and entered into loan agreements  
6 to finance at least 25 separate projects.

7 (IV) The authority finds, based on the facts and circumstances  
8 attendant to the project or the financing or refinancing of the  
9 project, that the issuance of the bonds or the financing or  
10 refinancing of the project will result in a substantial public benefit  
11 to this state because one or more of the following is satisfied:

12 (ia) At least 20 percent of the net proceeds of the issue are  
13 allocated to the financing of one or more projects, including  
14 working capital related thereto, located in this state.

15 (ib) The borrower of the bond proceeds has its principal place  
16 of business in this state and, if that borrower is subject to income  
17 or franchise tax in this state or any other state, that borrower has  
18 paid to this state for the most recent tax year income or franchise  
19 tax of at least fifty thousand dollars (\$50,000) or one-half of its  
20 total income or franchise tax liability to all states, whichever is  
21 less. If the borrower has little or no assets other than the project  
22 to be financed and is owned by another company or companies,  
23 then the company or companies that own a majority of interest in  
24 the borrower shall have its or their principal place of business in  
25 this state.

26 (ic) The borrower of the bond proceeds or a controlled group  
27 of which it is a member has at least 50 full-time equivalent  
28 employees in this state.

29 (id) The borrower of the bond proceeds or a controlled group  
30 of which it is a member has paid to this state for the most recent  
31 tax year income or franchise tax of at least one hundred thousand  
32 dollars (\$100,000).

33 (ie) In the case of the financing of one or more multifamily  
34 rental housing projects, the developer of that project or projects  
35 has its principal place of business in this state, and any such  
36 developer subject to personal or corporate income tax in California  
37 or other states has paid to this state for the most recent tax year  
38 income or franchise tax of at least fifty thousand dollars (\$50,000)  
39 or one-half of its total income or franchise tax liability to all states,  
40 whichever is less.

(ii) For purposes of this subparagraph, the following definitions apply:

(I) “Controlled group” means a group of corporations, partnerships, limited liability companies or other persons that are wholly owned or controlled by a single corporation, partnership, limited liability company, or other person.

(II) “Developer” means a corporation, partnership, limited liability company, or other person that is the initial controlling party within the legal entity that owns the multifamily rental housing project to be financed with proceeds of the bonds and that is expected to be the primary economic beneficiary of, and to take the primary economic risks related to, development and performance of the project.

(III) “Financing” shall include refinancing of bonds of the authority or of bonds issued by any other state or local entity located within this state.

(IV) “Issue” shall have the same meaning as in United States Treasury Regulations Section 1.150-1(c), as in effect on July 1, 2014.

(V) “Net proceeds of an issue” means the aggregate principal amount of that issue, less the amount of that issue allocated to original issue discount, issuance costs, reserve funds, and credit enhancement costs.

(VI) “Principal place of business” of an entity means the principal place from which the trade or business of the entity is directed or managed.

(iii) The Legislative Analyst shall, on or before January 1, 2021, prepare and submit to the Legislature a report on the issuance of bonds and the financing of projects pursuant to this subparagraph. No later than July 1, 2020, authorities that issue bonds pursuant to this subparagraph shall provide information concerning those bonds, the projects financed, the public benefits accruing to this state, and such other information requested by the Legislative Analyst’s Office for the purpose of preparing the report. The report may include recommendations for modifying or extending the application of this subparagraph.

(iv) Notwithstanding Section 6575 of the Government Code and ~~Section~~ Sections 17133 and 24272 of the Revenue and Taxation Code or any other law, the interest on an issue of bonds pursuant to this subparagraph shall not be exempt from taxation,

1 and shall be included in gross income under Part 10 (commencing  
2 with Section 17001) of Division 2 *and Chapter 2 (commencing*  
3 *with Section 23101) of Part 11 of Division 2* of the Revenue and  
4 Taxation Code.

5 (d) Engage the services of private consultants to render  
6 professional and technical assistance and advice in carrying out  
7 the purposes of this article.

8 (e) As provided by applicable law, employ and compensate  
9 bond counsel, financial consultants, and other advisers determined  
10 necessary by the authority in connection with the issuance and sale  
11 of any bonds.

12 (f) Contract for engineering, architectural, accounting, or other  
13 services determined necessary by the authority for the successful  
14 development of a public capital improvement.

15 (g) Pay the reasonable costs of consulting engineers, architects,  
16 accountants, and construction, land-use, recreation, and  
17 environmental experts employed by any sponsor or participant if  
18 the authority determines those services are necessary for the  
19 successful development of public capital improvements.

20 (h) Take title to, sell by installment sale or otherwise, or lease  
21 lands, structures, real or personal property, rights, rights-of-way,  
22 franchises, easements, and other interests in lands that are located  
23 within the state that the authority determines are necessary or  
24 convenient for the financing of public capital improvements, or  
25 any portion thereof.

26 (i) Receive and accept from any source, loans, contributions,  
27 or grants, in either money, property, labor, or other things of value,  
28 for, or in aid of, the construction financing, or refinancing of public  
29 capital improvement, or any portion thereof, or for the financing  
30 of working capital or insurance programs, or for the payment of  
31 the principal of and interest on bonds if the proceeds of those bonds  
32 are used for one or more of the purposes specified in this section.

33 (j) Make secured or unsecured loans to any local agency in  
34 connection with the financing of capital improvement projects,  
35 working capital or insurance programs in accordance with an  
36 agreement between the authority and the local agency. However,  
37 no loan shall exceed the total cost of the public capital  
38 improvements, working capital or insurance needs of the local  
39 agency as determined by the local agency and by the authority.

1 (k) Make secured or unsecured loans to any local agency in  
2 accordance with an agreement between the authority and the local  
3 agency to refinance indebtedness incurred by the local agency in  
4 connection with public capital improvements undertaken and  
5 completed.

6 (l) Mortgage all or any portion of its interest in public capital  
7 improvements and the property on which any project is located,  
8 whether owned or thereafter acquired, including the granting of a  
9 security interest in any property, tangible or intangible.

10 (m) Assign or pledge all or any portion of its interests in  
11 mortgages, deeds of trust, indentures of mortgage or trust, or  
12 similar instruments, notes, and security interests in property,  
13 tangible or intangible, of a local agency to which the authority has  
14 made loans, and the revenues therefrom, including payment or  
15 income from any interest owned or held by the authority, for the  
16 benefit of the holders of bonds issued to finance public capital  
17 improvements. The pledge of moneys, revenues, accounts, contract  
18 rights, or rights to payment of any kind made by or to the authority  
19 pursuant to the authority granted in this part shall be valid and  
20 binding from the time the pledge is made for the benefit of the  
21 pledgees and successors thereto, against all parties irrespective of  
22 whether the parties have notice of the claim.

23 (n) Lease the public capital improvements being financed to a  
24 local agency, upon terms and conditions that the authority deems  
25 proper; charge and collect rents therefor; terminate any lease upon  
26 the failure of the lessee to comply with any of the obligations of  
27 the lease; include in any lease provisions that the lessee shall have  
28 options to renew the lease for a period or periods, and at rents as  
29 determined by the authority; purchase or sell by an installment  
30 agreement or otherwise any or all of the public capital  
31 improvements; or, upon payment of all the indebtedness incurred  
32 by the authority for the financing or refinancing of the public  
33 capital improvements, the authority may convey any or all of the  
34 project to the lessee or lessees.

35 (o) Charge and apportion to local agencies that benefit from its  
36 services the administrative costs and expenses incurred in the  
37 exercise of the powers authorized by this article. These fees shall  
38 be set at a rate sufficient to recover, but not exceed, the authority's  
39 costs of issuance and administration. The fee charged to each local  
40 obligation acquired by the pool shall not exceed that obligation's

1 proportionate share of those costs. The level of these fees shall be  
2 disclosed to the California Debt and Investment Advisory  
3 Commission pursuant to Section 6599.1.

4 (p) Issue, obtain, or aid in obtaining, from any department or  
5 agency of the United States or of the state, or any private company,  
6 any insurance or guarantee to, or for, the payment or repayment  
7 of interest or principal, or both, or any part thereof, on any loan,  
8 lease, or obligation or any instrument evidencing or securing the  
9 same, made or entered into pursuant to this article.

10 (q) Notwithstanding any other provision of this article, enter  
11 into any agreement, contract, or any other instrument with respect  
12 to any insurance or guarantee; accept payment in the manner and  
13 form as provided therein in the event of default by a local agency;  
14 and assign any insurance or guarantee that acts as security for the  
15 authority's bonds.

16 (r) Enter into any agreement or contract, execute any instrument,  
17 and perform any act or thing necessary, convenient, or desirable  
18 to carry out any power authorized by this article.

19 (s) Invest any moneys held in reserve or sinking funds, or any  
20 moneys not required for immediate use or disbursement, in  
21 obligations that are authorized by law for the investment of trust  
22 funds.

23 (t) At the request of affected local agencies, combine and pledge  
24 revenues to public capital improvements for repayment of one or  
25 more series of bonds issued pursuant to this article.

26 (u) Delegate to any of its individual parties or other responsible  
27 individuals the power to act on its behalf subject to its general  
28 direction, guidelines, and oversight.

29 (v) Purchase, with the proceeds of its bonds or its revenue, bonds  
30 issued by any local agency at public or negotiated sale. Bonds  
31 purchased pursuant to this subdivision may be held by the authority  
32 or sold to public or private purchasers at public or negotiated sale,  
33 in whole or in part, separately or together with other bonds issued  
34 by the authority.

35 (w) Purchase, with the proceeds of its bonds or its revenue, VLF  
36 receivables sold to the authority pursuant to Section 6588.5. VLF  
37 receivables so purchased may be pledged to the payment of bonds  
38 issued by the authority or may be resold to public or private  
39 purchasers at public or negotiated sale, in whole or in part,



1 separately or together with other VLF receivables purchased by  
2 the authority.

3 (x) (1) Purchase, with the proceeds of its bonds or its revenue,  
4 Proposition 1A receivables pursuant to Section 6588.6. Proposition  
5 1A receivables so purchased may be pledged to the payment of  
6 bonds issued by the authority or may be resold to public or private  
7 purchasers at public or negotiated sales, in whole or in part,  
8 separately or together with other Proposition 1A receivables  
9 purchased by the authority.

10 (2) (A) All entities subject to a reduction of ad valorem property  
11 tax revenues required under Section 100.06 of the Revenue and  
12 Taxation Code pursuant to the suspension set forth in Section  
13 100.05 of the Revenue and Taxation Code shall be afforded the  
14 opportunity to sell their Proposition 1A receivables to the authority.

15 (B) If these entities offer Proposition 1A receivables to the  
16 authority for purchase and duly authorize the sale of the Proposition  
17 1A receivables pursuant to documentation approved by the  
18 authority, the authority shall purchase all Proposition 1A  
19 receivables so offered to the extent it can sell bonds therefor. If  
20 the authority does not purchase all Proposition 1A receivables  
21 offered, it shall purchase a pro rata share of each entity's offered  
22 Proposition 1A receivables.

23 (C) The authority may establish a deadline, no earlier than  
24 November 3, 2009, by which these entities shall offer their  
25 Proposition 1A receivables for sale to the authority and complete  
26 the application required by the authority.

27 (3) For purposes of meeting costs incurred in performing its  
28 duties relative to the purchase and sale of Proposition 1A  
29 receivables, the authority shall be authorized to charge a fee to  
30 each entity from which it purchases a Proposition 1A receivable.  
31 The fee shall be computed based on the percentage value of the  
32 Proposition 1A receivable purchased from each entity, in relation  
33 to the value of all Proposition 1A receivables purchased by the  
34 authority. The amount of the fee shall be paid from the proceeds  
35 of the bonds and shall be included in the principal amount of the  
36 bonds.

37 (4) Terms and conditions of any and all fees and expenses  
38 charged by the authority, or those it contracts with, and the terms  
39 and conditions of sales of Proposition 1A receivables and bonds  
40 issued pursuant to this subdivision, including the terms of optional

1 early redemption provisions, if any, shall be approved by the  
2 Treasurer and the Director of Finance, who shall not unreasonably  
3 withhold their approval. The aggregate principal amount of all  
4 bonds issued pursuant to this subdivision shall not exceed two  
5 billion two hundred fifty million dollars (\$2,250,000,000), and the  
6 rate of interest paid on those bonds shall not exceed 8 percent per  
7 annum. The authority shall exercise its best efforts to obtain the  
8 lowest cost financing possible. Any and all premium obtained shall  
9 be used for either of the following:

10 (A) Applied to pay the costs of issuance of the bonds.

11 (B) Deposited in a trust account that is pledged to bondholders  
12 and used solely for the payment of interest on, or for repayment  
13 of, the bonds.

14 (5) (A) In connection with any financing backed by Proposition  
15 1A receivables, the Treasurer may retain financial advisors, legal  
16 counsel, and other consultants to assist in performing the duties  
17 required by this chapter and related to that financing.

18 (B) Notwithstanding any other law, none of the following shall  
19 apply to any agreements entered into by the Treasurer pursuant to  
20 subparagraph (A) in connection with any Proposition 1A financing:

21 (i) Section 11040 of the Government Code.

22 (ii) Section 10295 of the Public Contract Code.

23 (iii) Article 3 (commencing with Section 10300) and Article 4  
24 (commencing with Section 10335) of, Chapter 2 of Part 2 of  
25 Division 2 of the Public Contract Code, except for the authority  
26 of the Department of Finance under Section 10336 of the Public  
27 Contract Code to direct a state agency to transmit to it a contract  
28 for review, and except for Section 10348.5 of the Public Contract  
29 Code.

30 (C) Any costs incurred by the Treasurer in connection with any  
31 Proposition 1A financing shall be reimbursed out of the proceeds  
32 of the financing.

33 (y) Set any other terms and conditions on any purchase or sale  
34 pursuant to this section as it deems by resolution to be necessary,  
35 appropriate, and in the public interest, in furtherance of the  
36 purposes of this article.

37 (z) This section shall remain in effect only until January 1, 2022,  
38 and as of that date, is repealed.

39 SEC. 4. Section 6588 is added to the Government Code, to  
40 read:

1     6588. In addition to other powers specified in an agreement  
2 pursuant to Article 1 (commencing with Section 6500) and Article  
3 2 (commencing with Section 6540), the authority may do any or  
4 all of the following:

5     (a) Adopt bylaws for the regulation of its affairs and the conduct  
6 of its business.

7     (b) Sue and be sued in its own name.

8     (c) Issue bonds, including, at the option of the authority, bonds  
9 bearing interest, to pay the cost of any public capital improvement,  
10 working capital, or liability or other insurance program. In addition,  
11 for any purpose for which an authority may execute and deliver  
12 or cause to be executed and delivered certificates of participation  
13 in a lease or installment sale agreement with any public or private  
14 entity, the authority, at its option, may issue or cause to be issued  
15 bonds, rather than certificates of participation, and enter into a  
16 loan agreement with the public or private entity.

17     (d) Engage the services of private consultants to render  
18 professional and technical assistance and advice in carrying out  
19 the purposes of this article.

20     (e) As provided by applicable law, employ and compensate  
21 bond counsel, financial consultants, and other advisers determined  
22 necessary by the authority in connection with the issuance and sale  
23 of any bonds.

24     (f) Contract for engineering, architectural, accounting, or other  
25 services determined necessary by the authority for the successful  
26 development of a public capital improvement.

27     (g) Pay the reasonable costs of consulting engineers, architects,  
28 accountants, and construction, land-use, recreation, and  
29 environmental experts employed by any sponsor or participant if  
30 the authority determines those services are necessary for the  
31 successful development of public capital improvements.

32     (h) Take title to, sell by installment sale or otherwise, or lease  
33 lands, structures, real or personal property, rights, rights-of-way,  
34 franchises, easements, and other interests in lands that are located  
35 within the state that the authority determines are necessary or  
36 convenient for the financing of public capital improvements, or  
37 any portion thereof.

38     (i) Receive and accept from any source, loans, contributions,  
39 or grants, in either money, property, labor, or other things of value,  
40 for, or in aid of, the construction financing, or refinancing of public

1 capital improvement, or any portion thereof, or for the financing  
2 of working capital or insurance programs, or for the payment of  
3 the principal of and interest on bonds if the proceeds of those bonds  
4 are used for one or more of the purposes specified in this section.

5 (j) Make secured or unsecured loans to any local agency in  
6 connection with the financing of capital improvement projects,  
7 working capital or insurance programs in accordance with an  
8 agreement between the authority and the local agency. However,  
9 no loan shall exceed the total cost of the public capital  
10 improvements, working capital or insurance needs of the local  
11 agency as determined by the local agency and by the authority.

12 (k) Make secured or unsecured loans to any local agency in  
13 accordance with an agreement between the authority and the local  
14 agency to refinance indebtedness incurred by the local agency in  
15 connection with public capital improvements undertaken and  
16 completed.

17 (l) Mortgage all or any portion of its interest in public capital  
18 improvements and the property on which any project is located,  
19 whether owned or thereafter acquired, including the granting of a  
20 security interest in any property, tangible or intangible.

21 (m) Assign or pledge all or any portion of its interests in  
22 mortgages, deeds of trust, indentures of mortgage or trust, or  
23 similar instruments, notes, and security interests in property,  
24 tangible or intangible, of a local agency to which the authority has  
25 made loans, and the revenues therefrom, including payment or  
26 income from any interest owned or held by the authority, for the  
27 benefit of the holders of bonds issued to finance public capital  
28 improvements. The pledge of moneys, revenues, accounts, contract  
29 rights, or rights to payment of any kind made by or to the authority  
30 pursuant to the authority granted in this part shall be valid and  
31 binding from the time the pledge is made for the benefit of the  
32 pledgees and successors thereto, against all parties irrespective of  
33 whether the parties have notice of the claim.

34 (n) Lease the public capital improvements being financed to a  
35 local agency, upon terms and conditions that the authority deems  
36 proper; charge and collect rents therefor; terminate any lease upon  
37 the failure of the lessee to comply with any of the obligations of  
38 the lease; include in any lease provisions that the lessee shall have  
39 options to renew the lease for a period or periods, and at rents as  
40 determined by the authority; purchase or sell by an installment

1 agreement or otherwise any or all of the public capital  
2 improvements; or, upon payment of all the indebtedness incurred  
3 by the authority for the financing or refinancing of the public  
4 capital improvements, the authority may convey any or all of the  
5 project to the lessee or lessees.

6 (o) Charge and apportion to local agencies that benefit from its  
7 services the administrative costs and expenses incurred in the  
8 exercise of the powers authorized by this article. These fees shall  
9 be set at a rate sufficient to recover, but not exceed, the authority's  
10 costs of issuance and administration. The fee charged to each local  
11 obligation acquired by the pool shall not exceed that obligation's  
12 proportionate share of those costs. The level of these fees shall be  
13 disclosed to the California Debt and Investment Advisory  
14 Commission pursuant to Section 6599.1.

15 (p) Issue, obtain, or aid in obtaining, from any department or  
16 agency of the United States or of the state, or any private company,  
17 any insurance or guarantee to, or for, the payment or repayment  
18 of interest or principal, or both, or any part thereof, on any loan,  
19 lease, or obligation or any instrument evidencing or securing the  
20 same, made or entered into pursuant to this article.

21 (q) Notwithstanding any other provision of this article, enter  
22 into any agreement, contract, or any other instrument with respect  
23 to any insurance or guarantee; accept payment in the manner and  
24 form as provided therein in the event of default by a local agency;  
25 and assign any insurance or guarantee that acts as security for the  
26 authority's bonds.

27 (r) Enter into any agreement or contract, execute any instrument,  
28 and perform any act or thing necessary, convenient, or desirable  
29 to carry out any power authorized by this article.

30 (s) Invest any moneys held in reserve or sinking funds, or any  
31 moneys not required for immediate use or disbursement, in  
32 obligations that are authorized by law for the investment of trust  
33 funds.

34 (t) At the request of affected local agencies, combine and pledge  
35 revenues to public capital improvements for repayment of one or  
36 more series of bonds issued pursuant to this article.

37 (u) Delegate to any of its individual parties or other responsible  
38 individuals the power to act on its behalf subject to its general  
39 direction, guidelines, and oversight.

1 (v) Purchase, with the proceeds of its bonds or its revenue, bonds  
2 issued by any local agency at public or negotiated sale. Bonds  
3 purchased pursuant to this subdivision may be held by the authority  
4 or sold to public or private purchasers at public or negotiated sale,  
5 in whole or in part, separately or together with other bonds issued  
6 by the authority.

7 (w) Purchase, with the proceeds of its bonds or its revenue, VLF  
8 receivables sold to the authority pursuant to Section 6588.5. VLF  
9 receivables so purchased may be pledged to the payment of bonds  
10 issued by the authority or may be resold to public or private  
11 purchasers at public or negotiated sale, in whole or in part,  
12 separately or together with other VLF receivables purchased by  
13 the authority.

14 (x) (1) Purchase, with the proceeds of its bonds or its revenue,  
15 Proposition 1A receivables pursuant to Section 6588.6. Proposition  
16 1A receivables so purchased may be pledged to the payment of  
17 bonds issued by the authority or may be resold to public or private  
18 purchasers at public or negotiated sales, in whole or in part,  
19 separately or together with other Proposition 1A receivables  
20 purchased by the authority.

21 (2) (A) All entities subject to a reduction of ad valorem property  
22 tax revenues required under Section 100.06 of the Revenue and  
23 Taxation Code pursuant to the suspension set forth in Section  
24 100.05 of the Revenue and Taxation Code shall be afforded the  
25 opportunity to sell their Proposition 1A receivables to the authority.

26 (B) If these entities offer Proposition 1A receivables to the  
27 authority for purchase and duly authorize the sale of the Proposition  
28 1A receivables pursuant to documentation approved by the  
29 authority, the authority shall purchase all Proposition 1A  
30 receivables so offered to the extent it can sell bonds therefor. If  
31 the authority does not purchase all Proposition 1A receivables  
32 offered, it shall purchase a pro rata share of each entity's offered  
33 Proposition 1A receivables.

34 (C) The authority may establish a deadline, no earlier than  
35 November 3, 2009, by which these entities shall offer their  
36 Proposition 1A receivables for sale to the authority and complete  
37 the application required by the authority.

38 (3) For purposes of meeting costs incurred in performing its  
39 duties relative to the purchase and sale of Proposition 1A  
40 receivables, the authority shall be authorized to charge a fee to

1 each entity from which it purchases a Proposition 1A receivable.  
2 The fee shall be computed based on the percentage value of the  
3 Proposition 1A receivable purchased from each entity, in relation  
4 to the value of all Proposition 1A receivables purchased by the  
5 authority. The amount of the fee shall be paid from the proceeds  
6 of the bonds and shall be included in the principal amount of the  
7 bonds.

8 (4) Terms and conditions of any and all fees and expenses  
9 charged by the authority, or those it contracts with, and the terms  
10 and conditions of sales of Proposition 1A receivables and bonds  
11 issued pursuant to this subdivision, including the terms of optional  
12 early redemption provisions, if any, shall be approved by the  
13 Treasurer and the Director of Finance, who shall not unreasonably  
14 withhold their approval. The aggregate principal amount of all  
15 bonds issued pursuant to this subdivision shall not exceed two  
16 billion two hundred fifty million dollars (\$2,250,000,000), and the  
17 rate of interest paid on those bonds shall not exceed 8 percent per  
18 annum. The authority shall exercise its best efforts to obtain the  
19 lowest cost financing possible. Any and all premium obtained shall  
20 be used for either of the following:

21 (A) Applied to pay the costs of issuance of the bonds.

22 (B) Deposited in a trust account that is pledged to bondholders  
23 and used solely for the payment of interest on, or for repayment  
24 of, the bonds.

25 (5) (A) In connection with any financing backed by Proposition  
26 1A receivables, the Treasurer may retain financial advisors, legal  
27 counsel, and other consultants to assist in performing the duties  
28 required by this chapter and related to that financing.

29 (B) Notwithstanding any other law, none of the following shall  
30 apply to any agreements entered into by the Treasurer pursuant to  
31 subparagraph (A) in connection with any Proposition 1A financing:

32 (i) Section 11040 of the Government Code.

33 (ii) Section 10295 of the Public Contract Code.

34 (iii) Article 3 (commencing with Section 10300) and Article 4  
35 (commencing with Section 10335) of, Chapter 2 of Part 2 of  
36 Division 2 of the Public Contract Code, except for the authority  
37 of the Department of Finance under Section 10336 of the Public  
38 Contract Code to direct a state agency to transmit to it a contract  
39 for review, and except for Section 10348.5 of the Public Contract  
40 Code.

1 (C) Any costs incurred by the Treasurer in connection with any  
2 Proposition 1A financing shall be reimbursed out of the proceeds  
3 of the financing.

4 (y) Set any other terms and conditions on any purchase or sale  
5 pursuant to this section as it deems by resolution to be necessary,  
6 appropriate, and in the public interest, in furtherance of the  
7 purposes of this article.

8 (z) This section shall become operative on January 1, 2022.

9 SEC. 5. This act is an urgency statute necessary for the  
10 immediate preservation of the public peace, health, or safety within  
11 the meaning of Article IV of the Constitution and shall go into  
12 immediate effect. The facts constituting the necessity are:

13 In order to timely provide essential bonding authority for the  
14 funding of multistate, public-private projects that are necessary to  
15 ensure California's national and international competitiveness and  
16 public benefits in this state, it is necessary that this act take effect  
17 immediately.